

**EXHIBIT 6**

**THE WORKSHOP REPORT**  
**ON**  
**CUSTOMER OWNED PAY TELEPHONE SERVICE**  
**IN RESPONSE TO**  
**COMMISSION DECISION 90-06-018**

**SUBMITTED BY:**

**CUSTOMER OWNED PAY TELEPHONE WORKSHOP PARTICIPANTS**

**DECEMBER 21, 1993**

## II. PUBLIC POLICY PAY TELEPHONES

### Background

In Order Instituting Investigation (I.) 88-04-029, the Commission asked COPT workshop participants to define public policy pay telephones, to count them and to determine a mechanism for funding them.

Public policy pay telephones are maintained by the LECs on an uneconomic basis, but are required for the health, safety and welfare of the public. Examples of potential public policy pay telephones are telephones in parks or recreation areas, highway rest stops, etc.

Workshop participants held several meetings in the summer of 1988 to define the telephones which would be included in this category and to outline the criteria by which to count them. The progress of the workshop was summarized in CACD's August 1988 report to the Commission (D. 90-16-018, Appendix A, pp. 74-78). The revenue criteria the LECs used to determine what constituted an "uneconomic" pay telephone were the coin in the box, plus the \$0.20 Message Toll Service surcharge. The "break-even" amount alleged by the LECs was \$4.00 per phone per day. The three LECs (Pacific, GTEC, Contel) produced lists of their pay telephones which did not "break even." The combined list of potential public policy pay telephones exceeded 67,000.

Workshop participants realized additional criteria were needed to determine which "uneconomic" telephones were public policy pay telephones, so additional meetings were held in the fall of 1988. The DRA wrote a memorandum (APPENDIX D.) which summarized those meetings and listed additional criteria the workshop developed to qualify public policy pay telephones. Criteria included such factors as individual access to the telephone network, the location of other pay telephones, weather conditions, and the geography and demographics of the surrounding area.

Workshop participants then asked the three LECs to conduct field surveys of their pay telephones (utilizing the criteria which the workshop had developed) to compile a list of potential public policy pay telephones. The surveys were completed by February 1989. Using the additional criteria, the list of public policy pay telephones decreased to 22,000. This number further decreased when guidelines were refined. The list has continued to decrease each year. As of January 1993 the total number of public policy pay telephones statewide was 1,975.

The workshop believes the dramatic decrease in the number of public policy pay telephones is due to several factors: (1) The increase in the number of COPT telephones (from 29,000 in December of 1988 to over 58,000 today); and (2) the increase in the number of pay telephones under contract to either a LEC or a COPT company. Pay telephones are not eligible for public policy status if the property owner or station agent has a contract from either a LEC or a COPT company which pays the station agent or property owner a commission.

### Funding

In I. 88-04-029, the Commission asked workshop participants to determine a means for funding public policy pay telephones. After many lengthy discussions, parties agreed that:

"Public policy pay phones shall be funded through a monthly rate charged to subscribers of the access line connecting the COPT instrument to the network, to the line serving an instrument provided by other non-LEC operators of pay telephones, and by appropriation by the utility for its lines serving the utility's semi-public and competitive sector pay telephones..."

"The parties agree to work out details of the incremental rates and how to administer the program in workshops to be headed by CACD of the Commission staff."  
(D.90-06-018, Appendix A, p.28)

To calculate costs and revenues used to determine the amount of the monthly surcharge, Pacific, Contel and GTEC utilized a worksheet which contained the Commission staff's cross-subsidy formula found in D. 90-06-018 (Appendix A, pp. 98-99). Only the cost and revenues which were considered competitive were used in the calculation of the surcharge. Pacific's monthly surcharge for pay phones was \$0.13 per pay phone line per month and GTEC's surcharge was \$0.53 per line per month.

Because of the demographics of Contel's serving area (mainly rural), and the small number of utility and privately owned pay telephones in its serving area, Contel has a disproportionate number of public policy pay telephones. Workshop participants decided to subsidize Contel's public policy pay telephones from Contel's rate base, which is what Contel currently does. Pacific and GTEC subsidize public policy pay telephones in their respective serving areas with a monthly surcharge paid by all pay telephone providers.

If Contel's regulatory structure changes due to Contel's proposed merger with GTEC, or if there are significant changes made to pay telephone rate structures and LEC regulatory frameworks as a result of the New Regulatory Framework Phase III Implementation Rate Design (IRD), the manner in which Contel subsidizes public policy pay telephones should be further reviewed.

### Administration

Commission D.90-06-018 (Appendix A, p. 93), established a Public Policy Pay Telephone Committee (Committee) to review applications for public policy pay telephones. The Committee has not met because there have been very few applications for public policy pay telephones. Those requests that have been received by the LECs have been reviewed by the LECs and DRA's Committee representative.

**APPENDIX D**

**APPLICATION FOR PUBLIC POLICY PAY TELEPHONE SERVICE**

Requesting Party Name/Title: \_\_\_\_\_

Business or Organization you Represent: \_\_\_\_\_

Phone Number: (     ) \_\_\_\_\_

Location of Requested Pay Phone Service: \_\_\_\_\_

Business or Location Name: \_\_\_\_\_

Contact Person at Business or Location

Name: \_\_\_\_\_

Phone: (     ) \_\_\_\_\_

Type of Business: \_\_\_\_\_

Opening Date (if not open) \_\_\_\_\_

Why do you want a Public Policy Payphone?

Are there any other payphones on the property? Please  
circle: Yes     No     If yes, how many? \_\_\_\_\_

If there are other payphones on the property, is compensation  
paid to the owner or occupant of the property for these other  
payphones? Please circle: Yes     No     Don't know

What are the hours which the requested public policy payphone  
will be made available to the public? From \_\_\_\_\_ to \_\_\_\_\_.

What days will the payphone be available? Please circle the  
available days. S M T W T F S

Will the payphone be indoors or outdoors?  
Please circle: Indoors     Outdoors

If indoors, does the property owner agree to the placement of a telephone company sign, outside the property, directing the general public to the location of the payphone? Please circle: Yes No If No, Why not? \_\_\_\_\_

Will the payphone be located at a site designated by a public agency as a gathering place where emergency aid is dispensed to the general public in the event of a natural disaster? Please circle: Yes No

Will the payphone be located at a site where those residing in that location cannot individually subscribe to their own telephone service? Please circle: Yes No If yes, please explain your understanding of the reason phone service is unavailable to those residing in the area.  
\_\_\_\_\_  
\_\_\_\_\_

Will the payphone be located in an area where no other pay telephone is readily or effectively accessible (generally defined as within 50 yards) to the general public? Please circle: Yes No

What is the approximate distance of the nearest payphone?  
\_\_\_\_\_  
\_\_\_\_\_

Will the payphone be within 50 yards of another payphone, but not readily or effectively accessible to the general public? Please circle: Yes No If yes, please explain why the nearest payphone is not accessible.  
\_\_\_\_\_  
\_\_\_\_\_

What are the names of some nearby businesses?  
\_\_\_\_\_  
\_\_\_\_\_

To your knowledge has there been a payphone at the proposed site before? Please circle: Yes No

I declare under penalty of perjury that the foregoing information is true and correct.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

( )  
\_\_\_\_\_  
Number where you can be reached  
during business hours

## M E M O R A N D U M

Date : August 22, 1988

To : ALL PAY PHONE OII WORKSHOP PARTICIPANTS

From : Mary Cooper, DRA Staff  
Chris R. Ungson, DRA StaffSubject : SUMMARY OF AUGUST 16, 1988 WORKSHOP ON PUBLIC POLICY PAY  
PHONESINTRODUCTION

The workshop on August 19, 1988 was attended by Jeff Beck (Attorney for the smaller independent telephone companies), John O'Keefe (California Payphone Association), Ron Evans (ComSystems), Woody Whitford (Contel), Pat Tapia (General), Jim Forbes (PacBell), Ray Ruiz (PacBell), Helen Morgan (PacBell), Mary Cooper (DRA), and Chris Ungson (DRA). The entire workshop meeting was devoted to a discussion of issues related to Phase II B -- Public Policy Pay Phones -- of the Pay Phone OII.

SUMMARY

1. Classification of the existing base of utility-owned Public Pay Phones in Pacific, General and Contel service areas which do not break-even. As you may recall, the workshop agreed previously to use the average break-even level of \$4.00 per day per pay phone. Counting only the \$.20 charge for a local call and the \$.20 service charge for intraLATA toll calls, it was estimated that about 67,000 pay phones generate an average of coin revenue below \$4.00 per day. The workshop on August 16 agreed to exclude all coinless pay phones from this 67,000 base, pending resolution of Phase I of the OII (cross-subsidization). It is estimated that Pacific Bell has about 7,000 coinless pay phones in service, General has about 1,000, and Contel has about 50. The crucial task before the workshop, therefore, was to develop a classification system which would determine which of the approximately 59,000 pay phones deserve continued subsidy and which do not. Three categories were developed to achieve this purpose: Category A, Category A Prime and Category B.

o Category A. The workshop agreed that pay phones in this category should continue to receive subsidy through some type of funding mechanism to be developed in the future. The criteria for Category A pay phones is described in Attachment 1. Please note that this category was refined to include only those circumstances where a single pay phone resides at one address. In contrast, Category A Prime was created to deal with those circumstances where multiple pay phones reside at one address.

o Category A Prime. The workshop agreed to create this category for those circumstances where two or more pay phones reside at one address. The question of whether pay phones in this category should continue to receive a subsidy was not resolved. The workshop did agree to consider funding for pay phones in this category pending more information from the utilities. The utilities agreed to report to the workshop, at some future date, the total number of pay phones in this category, and other pertinent data as deemed necessary by the utilities. (The DRA Staff would like to encourage the utilities to propose to the workshop a set of guidelines to determine which of these pay phones deserve a subsidy).

o Category B. The workshop agreed to use this category for those pay phones which do not meet the requirements of Category A or Category A Prime. Pay Phones placed in Category B do not deserve continued subsidy. Utilities are given the discretion to either (on an individual pay phone basis) remove them, convert them into Semi-Public Pay Phones, or leave them in place (at the utility's cost).

o The workshop developed a draft survey questionnaire (see Attachment 2) to be used by the utilities during the classification effort. The utilities agreed to "test" this draft survey questionnaire on several of their account executives. The utilities agreed to present the results of this "test", along with proposed revisions to the questionnaire, to the rest of the workshop during a meeting on August 31, 1988.

2. The workshop agreed that the Commission should establish a Committee to evaluate applications for Public Policy Pay Phones (new installations). Please see Attachment 3 for details.

3. The workshop agreed to develop an "Application For A Public Policy Pay Phone" form to be used by those who wish to have a Public Policy Pay Phone installed in a particular location. Helen Morgan of Pacific Bell volunteered to develop a draft Application form. It is hoped that this will facilitate discussion when the workshop meets again to discuss this topic.

4. The workshop agreed to ask Bob Weissman (CACD) to include the following items on the agenda for the meeting on August 31 (as time allows):

✓ a. Finalize Survey Questionnaire to Be Used By the Utilities in the Classification Effort.

✓ b. Finalize Consensus Over the Criteria Developed for Category A.

1988  
c. Finalize Consensus Over the Establishment of a Committee to Evaluate Applications for Public Policy Pay Phones (new installations).

d. Development of the "Application For Public Policy Pay Phone" form. Helen Morgan (Lead).

o e. Development of The Future Funding Mechanism to be Used to Subsidize Category A pay phones, new installations

of Public Policy Pay Phones. Discuss Scheduling Only.

- f. Finalize Consensus Over the Criteria to be Used by the Committee (under "c" above) to Evaluate Applications for Public Policy Pay Phones (new installations). Discuss Scheduling Only.

ATTACHMENT 1

CRITERIA FOR CATEGORY A

1. The Public Pay Phone is not part of a contract which provides monetary benefit to the Station Agent; AND
2. There is NO OTHER Public Pay Phone located at the same address; 1/ AND
3. The Public Pay Phone is NOT a coinless pay phone; 2/ AND
4. The Station Agent on whose property the Public Pay Phone is located agrees to receiving NO compensation from the calls generated over that pay phone; AND
5. The general public should have unrestricted access to the Public Pay Phone. "Unrestricted Access" means that the pay phone should be physically and geographically accessible to the general public during the operating hours of the facility. Thus, if the pay phone is located inside a building, for example, the general public should be able to enter the building from the street to use the pay phone. AND
6. If the Public Pay Phone is located indoors, the Station Agent on whose property the pay phone is located agrees to the placement of a prominent sign (outside and inside the facility) which directs the general public to the pay phone location; AND
7. The Public Pay Phone meets ONE of the following conditions:
  - a. The Public Pay Phone is located is a site designated by a public agency as a gathering place where emergency aid is dispensed to the general public in the event of a natural disaster. OR
  - b. The Public Pay Phone is located in a location where those residing in that location cannot individually subscribe to basic telephone service because of the unavailability of facilities necessary for access to the network. OR

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1/The workshop decided to distinguish between those situations where there is more than one pay phone in a single location address versus those situations where there is only a single pay phone located on one address location. The former would be considered under Category A PRIME, while the latter would be considered under Category A.

2/The workshop agreed to temporarily place coinless pay phones under Category B (no funding), pending resolution of Phase I of the OII (cross-subsidization).

c. The Public Pay Phone is located in an area where no other pay phone is readily or effectively accessible to the general public. "Readily and effectively" accessible refers to the presence of at least one other pay phone available to the general public within 50 yards walking distance from the Public Pay Phone in question, assuming ideal conditions. There will be circumstances, however, when an alternate pay phone is within 50 yards walking distance from the Public Pay Phone in question WHERE it may still be deemed as not "readily or effectively" accessible. Therefore, it is necessary to temper the application of this "50-yard" rule by considering all of the factors below in determining more accurately the extent to which the nearest alternative pay phone is available to the general public:

1. Topography;
2. Geography;
3. Demographic characteristics of users (e.g., elderly, handicapped, low income--where residence telephone subscription is low);
4. Economic development of the area;
5. Safety of the area;
6. Weather conditions.